

SB 1295 BY SENATOR CRAVINS

DIGEST OF THE SENATE BILL AS IT LEFT THE SENATE

Present constitution requires a local referendum to allow a newly authorized form of gaming in any parish prior to such gaming being conducted in any parish.

Proposed law enacts the Louisiana Pari-mutuel Live Racing Facility Economic Redevelopment and Gaming Control Act which authorizes the licensing and conduct of slot machine gaming at no more than one live horse race track in St. Landry Parish, Bossier Parish, and/or Calcasieu Parish provided a live horse race track has been licensed or approved for future licensing by the La. State Racing Commission, and provided that the people in any of the parishes have first approved slot machine gaming at such a track in the parish at an election for the purpose. Permits slot machine gaming, if approved, to be conducted prior to the conduct of live horse races, but for not more than 24 months.

Provides that all implementation, administration, licensing, and regulating of slot machine gaming be done by the La. Gaming Control Board. Requires the state police to provide investigatory, regulatory, and enforcement assistance to the Gaming Control Board as the board directs. Specifies that this law has no effect on the power of the La. State Racing Commission.

Requires licensing of five categories of applicants regarding slot machine gaming: the owner of the track, a slot machine owner, a distributor, a manufacturer, and a service technician. Requires all such potential licensees and any person who has a specified interest in them to meet suitability standards. Provides suitability standards, including that the applicant: have a good and honest character, no past history that would present a threat to the public interest, and be capable of conducting the activity for which a license is sought. Conditions the track owner's license with the requirements that he maintain continuous suitability, that he determine that all persons who participate in the conduct of slot machine gaming at his facility who are required to have a license have one, and that he permit unrestricted access and right of inspection by the board and the state police, and that he make various contributions to specified horse organizations. Provides that track owner license is good for five years and is not transferrable. Provides all other licenses must be renewed annually. Requires the board to provide for a mechanism to approve, in advance of purchase, the potential purchaser of an eligible facility.

Provides that a person whose application has been denied or whose license has been conditioned, suspended or revoked is entitled to a hearing as provided in the Gaming Control Board Law.

Requires the Gaming Control Board to:

- (1) Adopt, pursuant to the APA, all necessary rules and fees. Specifies certain matters required to be addressed by rule and provides others that are specifically permitted to be addressed by rule.
- (2) Revoke or suspend license of persons found unsuitable.
- (3) Conduct or cause necessary investigations to be conducted.
- (4) Permit slot machines to be linked for progressive jackpots.
- (5) Approve locations, plans, and construction of the designated slot machine gaming area.

Authorizes the board to direct the division to:

- (1) Inspect and examine all premises where slot machines are offered for play or where slot machines or equipment are manufactured, sold, or repaired.
- (2) Inspect all slot machines and related equipment and supplies.
- (3) Summarily seize and remove slot machines and related equipment and supplies from any facility wherein such machines are or have been operated.

Authorizes the board to:

- (1) Deny, revoke, condition, or suspend the license of or fine any person who violates any requirements or prohibitions of law or rule.
- (2) Take steps necessary to collect fees owed to the board, including filing a suit.
- (3) Direct the division to act on its behalf in any manner relative to investigation, inspection, and enforcement.

Requires the state police to:

- (1) Subject to the direction of the board, make any investigation or inspection, or take any enforcement action necessary to the thorough and efficient implementation.
- (2) Subject to the direction of the board, establish, maintain, and operate the mechanism necessary to conduct remote polling or reading of slot machine operations or for the remote shutdown of those operations.
- (3) Inspect, examine, and seize and impound all slot machines or equipment or records related to operating slot machines as directed by the board or as agreed with the board.
- (4) Report to the board any violation of law or rule discovered.

Exempts slot machines from taxes, fees, and licensing restrictions imposed by any governmental entity. Limits the size of the designated gaming area in an eligible facility to not more than 15,000 square feet. Prohibits any other gaming devices other than slot machines and authorized pari-mutuel wagering devices and equipment being in the designated slot machine gaming area.

Specifies a series of relationships that in addition to those in the ethics code, are prohibited regarding people employed by or performing any function on behalf of the board or the state police. Prohibits elected public officials from engaging in any business activity with a licensee except as a patron. Requires the ethics board to administer the ethics provisions.

Prohibits:

- (1) The operation of video draw poker devices if slot machine gaming is conducted in an eligible facility.
- (2) Any person licensed by the board as a manufacturer, distributor, or slot machine owner from participating in the operation of any computer program, software, or device which is used for the polling or reading of slot machine operations or for the remote shutdown

of those operations.

- (3) Any person from intentionally making, causing to be made, or aiding, assisting, or procuring another to make a false statement in any required report, disclosure, application, or any other required document. Provides a criminal penalty of imprisonment, with or without hard labor, for not more than ten years or be fined not more than \$10,000, or both.
- (4) Any person from possessing or operating a slot machine, except as otherwise permitted by law, without the required license or doing so at other than an eligible facility. Provides a criminal penalty of imprisonment with or without hard labor for not more than ten years or be fined not more than \$10,000, or both.
- (5) Any person from intentionally excluding, or taking any action in an attempt to exclude, anything or its value from the deposit, counting, collection, or computation of revenues from slot machine activity. Provides a criminal penalty of imprisonment at hard labor for not less than one year nor more than ten years, without benefit of probation, parole, or suspension of sentence, and a fine of not more than \$25,000 dollars.
- (6) Any owner of an eligible facility from cashing or permitting any employee or other person to cash or accept for cashing an identifiable employee payroll check in the designated slot machine gaming area. Provides a criminal penalty of imprisonment for not more than six months or fined not more than \$5,000, or both.
- (7) Any licensed person or any agent or employee thereof, from intentionally allowing a person under 21 to play or operate a slot machine upon penalty of losing their license. Requires that all winnings withheld from customers who are determined to be under the age of 21 be reported and remitted quarterly.

Requires the board to post one or more signs at points of entry to the slot machine gaming areas to inform customers of the toll-free telephone number available to provide information and referral services regarding compulsive or problem gambling. Provides that failure of the owner of the eligible facility to post and maintain such a sign or signs shall be cause for the imposition of a fine in an amount established by a rule of the board.

Provides for the local referendum election on slot machine gaming. Requires:

- (1) Any person desiring to operate and conduct slot machine gaming at an eligible facility in a parish, to make application to the governing authority of the parish in which the proposed slot machine gaming is to be conducted.
- (2) The application to state the location of the proposed slot machine gaming and describe the facilities proposed to be constructed for the holding of slot machine gaming and shall have attached the license, or a certified copy thereof, for the live horse race meeting issued by the Louisiana State Racing Commission to conduct such live horse racing at the eligible facility.
- (3) The governing authority of the parish in which the slot machine gaming is proposed to be held, to call and conduct a referendum election within the parish for the purpose of submitting to the qualified electors of the parish the proposition whether or not the proposed slot machine gaming shall be allowed.
- (4) The referendum election to be held in compliance with the Election Code.

- (5) The parish governing authority to have five spot announcements at least two days apart of the election broadcast on radio or television channels readily receivable in the parish and make notice of the election available to the news media.

Requires the parish governing authority to notify the applicant and the Gaming Control Board promptly of the results of the election.

Effective upon signature of the governor or lapse of time for gubernatorial action. Specifies, however, that no slot machine gaming may be conducted until and unless the legislature provides by law for the imposition, collection, and disposition of five percent of the proceeds raised to the parish school board for use for capital construction, except in Bossier where such funds are to be deposited in the BEEF fund, taxes on net slot machine proceeds and the fees necessary to administer the requirements of this Act.

(Adds R.S. 27:351-354, 361-365, 371-377, and 381)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Specifies that the demonstration of suitability for a license requires an applicant to demonstrate that he has never been convicted of a felony offense.

2. Deletes all references to fees and penalties, including deletion of:

- A requirement that a proposed buyer of a race track to be able to undergo processing to determine suitability for slot machine licensing in advance of purchase pay the processing costs of the advance process pursuant to fees established by the board.
- General authority for the Gaming Control Board to adopt fees necessary to administer and regulate slot machine gaming pursuant to the APA.
- Authority for the Gaming Control Board to establish a penalty for the late submission of required information, data, reports, or administrative fees.
- Authority for the board to levy and collect a fine in an amount established by board rule in lieu of suspending or revoking a license under certain circumstance.
- Authority for the board to impose a fine for failure to post and maintain a sign informing customers of the toll-free number providing information regarding help for compulsive gambling.

4. Eliminates the applicability of the of the Ethics Code penalties to violations of the Subsection describing prohibited relationships.

3. Repeats the precondition for the conduct of any slot machine gaming that the legislature provide by law for the imposition, collection, and disposition of taxes on net slot machine proceeds and necessary administrative fees. (*The language on this point is in the bill, although it is confused by intervening phrases. Therefore, this amendment is redundant, but since it is not contradictory and is not statutory, it is probably not a problem.*)

4. Creates as a precondition for the conduct of any slot machine gaming that the legislature provide by law for the dedication of a fixed percentage of net slot machine proceeds to supplement purses for races run at the live meetings at the eligible facility and to the La. Thoroughbred Breeders Association and the La. Quarter Horse Breeders Association for use as awards for breeders of accredited La. bred and for promotion of La. horse breeding industry.

5. Revises the required annual payment of a fixed percentage of annual net slot machine proceeds by the owner to supplement pursues from 12% to 15%.
6. Revise the distribution of the annual payment from the owner to supplement purses from two-thirds to the licensed racing association to supplement purses in accordance with the La. Thoroughbred Breeders Association and one-third to the La. Quarter Horse Breeders Association to 70% to supplement purses for thoroughbred races at that facility, 30% of which shall be for La. bred thoroughbred horses with 4% of that going to the Horsemen's Benevolent Association and 30% to supplement purses for quarter horses at that facility, 60% of which shall be for La. bred quarter horses with 2% of that going to the Horsemen's Benevolent Association.
7. Specifies that if a facility offers only thoroughbred or quarter horse racing programs, then the purse supplement shall be dedicated as a purse supplement to the racing program offered.

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